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C O N F I D E N T I A L SECTION 01 OF 03 HONG KONG 001467

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TAGS: [PTER](#) [PREL](#) [PGOV](#) [ECON](#) [EWWT](#) [HK](#) [CH](#)  
SUBJECT: SECRETARY CHERTOFF'S MEETING WITH SECRETARY FOR  
SECURITY AMBROSE LEE AND HONG KONG PORT OPERATORS

Classified By: Consul General James B. Cunningham. Reasons: 1.4 (b,d).

Summary

1. (C) On March 31, U.S. Department of Homeland Security (DHS) Secretary Michael Chertoff met with Hong Kong Secretary for Security Ambrose Lee to discuss the global war on terror. On April 1, Chertoff visited Hong Kong's ports and met with terminal operators to discuss maritime security. Secretary Chertoff said that the U.S. was exploring solutions that balanced the need to improve maritime security with continued efficiency of handling and shipping cargo. Technology and better awareness of supply chain management were key issues. Public and Congressional pressure demanded increased security, including screening for radiological materials. Secretary Lee noted that intelligence sharing with the U.S.

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and other countries enabled Hong Kong authorities to better monitor its borders so that the terrorist threat in Hong Kong remained low to moderate. Hong Kong's "smart ID card" contained biometric data; Hong Kong would start issuing passports with biometric data in the first quarter of 2007. Also on April 1, Secretary Chertoff toured Hong Kong's Smart ID production facilities at Hong Kong Immigration Headquarters. End summary.

Hong Kong's Terrorism Threat Low to Moderate

2. (SBU) On March 31, Secretary Chertoff discussed maritime security, the terrorism threat in Hong Kong, and biometric travel documents with Secretary for Security Ambrose Lee. Commissioner of Customs and Excise Timothy Tong, Director of Hong Kong Immigration T.K. Lai, Assistant Commissioner of Customs and Excise Chow Kwong, Assistant Director of Immigration K.C. Chan, and Security Bureau Principal Assistant Secretary Manda Chan accompanied Lee. Counselor to the Secretary Adam Isles, DHS Public Affairs Assistant Secretary Brian Besanceney, DHS Asia/Pacific Director Paul

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Fujimura, DHS/ICE attache Thomas Howe, and econoff (notetaker) also attended the meeting.

3. (C) Secretary Lee said that Hong Kong was one of the safest places in the world. The HKG was always vigilant, and continued to work constructively with the U.S. on counter

terrorism, anti-money laundering, and other activities such as the Container Security Initiative (CSI). Several reasons existed for Hong Kong's low to moderate terrorist threat. First, Hong Kong maintained effective immigration and customs standards and practices. Hong Kong has successfully prevented radical groups from entering Hong Kong so no terrorist infrastructure existed. Second, although Hong Kong had tens of thousands of second and third generation Muslim residents from Bangladesh and Pakistan, the HKG has made efforts to liaise with this assimilated community on a regular basis and was confident that they were not engaged in any terrorist activities. Finally, the police have had excellent intelligence exchanges with overseas counterparts that have permitted the HKG to remain aware of the terrorist threats. Hong Kong was not complacent, and the HKG realized that dangers existed in several countries throughout the region. Secretary Chertoff warned that the foremost aim of terrorists was to strike at international commercial interests and that Hong Kong's role as an international commercial and financial center would make it a tempting target. Lee agreed, saying that terrorists would attack "the weakest link." Hong Kong remained vigilant.

#### Hong Kong Supports Biometric Data in Travel Documents

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14. (C) The USG has found that fingerprinting at U.S. borders produced positive results, Secretary Chertoff said. After fingerprints were scanned, Customs officials could gain access to previous passport pages used upon entry and compare them to the present passport. Lee said that "friends from overseas do not need to submit fingerprints," but the Hong Kong ID card contained a chip with the bearer's fingerprints. The HKG planned to issue biometric passports starting in the first quarter of 2007, shortly before the first passports issued after the 1997 reversion would start to expire. T.K. Lai added that the U.S. has provided Hong Kong with an

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excellent face recognition system, which has enhanced its efforts to keep out illegal migrants. The cooperation between Hong Kong and the U.S. enhanced international security since many travelers passed through Hong Kong en route to an onward destination. Secretary Chertoff viewed Hong Kong's smart ID card production facilities the following day.

#### Maritime Security Must Balance Speed and Security

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15. (C) Secretary Chertoff said that maritime security was the main issue on his agenda during his Hong Kong visit. He noted that the next day he would look at the Integrated Cargo Inspection System (ICIS) at Hong Kong's port, which was a combination of radiation monitors and x-ray scanning of containers. The USG was considering whether radiological monitoring at foreign ports should be required to facilitate cargo entry into the U.S. Customs Commissioner Tong replied that the terminal operators were conducting a pilot project with ICIS, which like the Department of Energy's Megaports initiative, involved radiological monitors. Tong praised the efficacy of the Container Security Initiative (CSI). He expressed concern that under the ICIS model, even if only two percent of the cargo passing through radiological monitors triggered an alarm, Hong Kong Customs would have to open and inspect 180 containers a day, which was not feasible. He also said that Hong Kong's port operators did not separate for screening purposes U.S.-bound cargo from cargo bound for other destinations. Tong suggested that radiological screening in U.S. ports would therefore be a better solution than screening in Hong Kong or other exporting ports.

16. (C) According to Secretary Chertoff, the USG did not want to disrupt port throughput, but Congressional and public pressure calling for a more absolute approach to port security could not be underestimated. A more rigorous

screening/inspection regime would replace the existing one. The U.S. wanted to use technology to get a better level of information. The U.S. would also strive to convince governments and port operators of the need for radiological portals. The U.S. would likely move to a regime where loading ports that have such equipment would obtain some level of expedited "green lane-like" clearance through U.S. Customs. Overseas ports would seek to install such equipment to maintain the competitiveness of their ports.

¶7. (C) Next-generation monitors already existed that could specify the exact isotope in a scanned container, the Secretary continued. Customs authorities would therefore be

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able to resolve most radiological alarms by looking at the container's shipping manifest to see if the isotope was consistent with what was being shipped. Only in the few cases where a discrepancy existed would Customs need to physically inspect the cargo. He noted that he met with Hutchison Port Holdings Chairman Li Ka-shing earlier in the day. Li was an advocate of radiological monitoring and said that the radiological portals would be feasible for Hong Kong. The Secretary added that some in Congress were advocating that U.S. Customs physically inspect 100 percent of the containers entering the U.S., which would have a much more significant impact on container throughput. Secretary Lee replied that Hong Kong would carefully consider the various security initiatives and weigh their benefits with the impact on throughput. Tong added that the U.S. and Hong Kong could coordinate efforts in the International Customs Organization's exercise to draw up a framework of standards, which would result in improved trade facilitation.

Secretary Chertoff Visits Hong Kong's Port

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¶8. (C) On April 1, Secretary Chertoff viewed the ICIS pilot project at Modern Terminals and the Hutchison Port Holdings (HPH)-operated Hong Kong International Terminal (HIT). At both terminals, operators demonstrated the x-ray and radiology screening of containers moving through entry lanes at 17 km/hour. They expressed confidence that 100 percent screening of containers passing through their terminals is feasible. The Secretary was concerned about how transshipments could be screened at Hong Kong's port since some of the containers might be transferred between boats.

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Modern Terminals Managing Director Sean Kelly said that most U.S.-bound cargo transited Kwai Chung port, and few containers actually moved ship to ship without being on land.

¶9. (C) Kelly noted that terminal handlers could not review all the ICIS output, but would need government authorities to do so. Terminal operators could collect the information, but customs authorities would need to assess what to do with it. The data could, for example, be sent directly to the U.S. for real-time review. Protocols on use and levels of inspections would need to be developed. Terminal operators had a shared interest with governments in promoting the security of shipping. Addressing Hong Kong Custom's concerns, he said that the presence of ICIS equipment did not mean that inspections of cargo would increase. ICIS, however, provided additional information so that physical examination of containers could be better targeted.

¶10. (C) HPH Group Managing Director John Meredith explained that Hutchison wanted to work cooperatively with the U.S. Government to enhance port security. The views of the U.S. on taking security to the next level will have decisive impact. In addition to making the case for the ICIS model, Meredith added that Hutchison was also discussing port

security with the EU, noting that the EU established a subgroup to study how to strengthen port security and formulate proposals for the World Customs Organization (WCO).

He noted that some European ports had already installed radiological portals. The Secretary said that the U.S. would likely endorse a performance standard for screening for radiological materials, but would not mandate a proprietary system.

11. (U) Secretary Chertoff's party has cleared this cable.  
Cunningham